

Steep hikes to come in tyre, wheel and battery prices

Tyre dealers group cites costlier raw materials' battery prices could be up as much as 70%.

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BESIDES record fuel prices and higher Electronic Road Pricing rates, motorists must prepare to pay more for batteries, tyres and wheels.

The Singapore Motor Tyre Dealers Association is preparing to announce sizeable price hikes, with battery prices going up by as much as 50 to 70 per cent.

Tyre prices will go up by 20 to 30 per cent, and wheels by 10 to 20 per cent, the association's assistant secretary, Mr Robert Tng, told The Straits Times.

He blamed higher raw material costs, singling out the rising price of lead, which accounts for around 60 per cent of the material cost for a battery.

On the London Metal Exchange, lead hit a record US\$3,866 (S\$5,606) per tonne last Friday, from US\$1,550 a year ago, and US\$930 in 2005.

Prices of other metals, such as nickel, copper, platinum and gold, are also rising fast, and observers blame insatiable demand from fast-industrialising China for this.

'We have stood by for long enough. As an association, we have to do something for our members,' Mr Tng said.

The move to raise prices follows similar action by the Singapore Noodles Manufacturers Association, which announced last week it had recommended that members raise prices by up to 30 per cent, given the higher cost of flour. Bakeries are poised to raise bread prices by 20 per cent.

These announcements have caught the attention of the Consumers Association of Singapore (Case).

'We are of the view that price adjustments should be left to the individual dealers to decide, as each one of them has a different cost structure and different sources of supply,' said Case executive director Seah Seng Choon.

'Associations engaging in price hike pronouncements will have to account for their own action if such activities are found to be in breach of the competition law.'

He said consumers will expect the Competition Commission of Singapore to act if business associations run afoul of the Competition Act.

When asked if the move by the motor tyre dealers is tantamount to price signalling - a price collusion practice illegal in the United States - the Competition Commission was unable to answer specifically.

'Whether a recommendation restricts the independence of individual firms and raises competition concerns will depend on various factors,' a spokesman said. 'These include the nature of the recommendation, its context and its effects.'

But the tyre dealers' association, which has over 100 members, said it was merely alerting motorists to expect a price increase.

'It's a free market - we're not forcing our members to raise prices,' Mr Tng said.

Some of his association's members, however, have already started to adjust prices. Tyre and wheel supplier YHI International has upped battery prices by around 20 per cent in the last 10 months.

YHI senior manager Raymond Chan said the company has not decided on further rises, but added that the situation 'doesn't look good'.

Non-member ComfortDelGro Engineering, a major car workshop operator, said its tyre and wheel prices have risen by 5 to 10 per cent in the past year, while batteries have leapt 40 per cent.

Motorists seem resigned to the price hikes. Senior manager Gavin Yeo, 46, said: 'I guess with crude oil at over US\$90 a barrel, everything will be costlier soon.'